

# Exhibit C

## Term Sheet / LOI for Sigrid Olsen (12.28.2015)

### Distribution

Dillard's department stores in the United States. Initially *exclusive* department store assumption. Other distribution channels to be approved separately. *If we decide to be non-exclusive or enter Canada, the term sheet would need to be renegotiated – open to all revisions.*

### Product Categories

Apparel only. See label in exhibit A.

### Term

- Initial term 5 years, start date assumed November 1, 2015, with 3 year mutual exit option built in (set date for review of the agreement) based on the following:
  - \$6,000,000 net wholesale sales volume threshold and YOY growth rates
  - Business plan review and approval
  - Brand building activities and creative vision alignment

### Key Personnel

Sigrid's input will be critical in the approval of design team personnel selection and changes. Nation will at all times employ such competent and qualified personnel as are necessary to fulfill its obligations under this Agreement. Nation will have personnel available by appointment during normal business hours for consultation with representatives of Licensor.

### Merchandise Approval

Sigrid approves all designs and final samples. In SO absence, Design Director has ability to approve based on working closely with SO throughout the process. Design and development calendar to be submitted at least 4x a year on an 18 month rolling basis.

### Royalty Rate

Progressive royalty with an annual reset concept:

4% royalty rate on net wholesale sales = \$0 to \$5,000,000

4.5% royalty rate on net wholesale sales = \$5,000,000 to \$7,500,000

5% royalty rate on net wholesale sales = \$7,500,000 to 10,000,000

5.5% royalty rate on net wholesale sales = greater than \$10,000,000

*Notes: Net wholesale sales = Gross invoice amount less all deductions, markdowns, returns, and chargebacks.*

### Design & Creative Fee

Sigrid to receive \$12,500 monthly design fee (\$150k annual, first year, 2016). Roles and responsibilities discussed and agreed. Cost of living increase each fiscal year each respective year. (150k, 175k, 200k, 225k, 250k etc.) *If the business continues past 5 years at a level over \$10m with a new contract, we propose 300k annual design fee.*

For startup design and creative fee in fiscal 2015 (Sigrid's time and work on developing the business), Nation will pay Sigrid a fee of \$18,000 due November 1, 2015 and \$18,000 due

December 1, 2015. Total of \$36,000 in 2015 for Sigrid's design and creative work to pitch and launch the business in 2015.

Design and creative fee will be subject to semi-annual bonuses based on sales and shipping targets. Total design and creative fee earned during the fiscal year will be trued up based on an assessment of achieving sales goals and will be added to her monthly payments, as earned.

#### **HSN amendment - Advance on Royalty Payments to SO**

FROM HSN TERM SHEET: \$15,000 a month from November 1, 2014 through December 1, 2016 (Payable on the first day of each month). 26 payments total.

ISLA requests a stop to advance payments starting November 1, 2015. We will together (ISLA & Nation) to assess debt balance owed in June, 2016 and work with best efforts to quickly resolve the shortfall, if any. As of November 1, 2015, there is zero debt balance/no shortfall projected for yearend 2016.

#### **Reporting**

- Dillard's provides selling reports
- We need monthly shipping reports and PD updates
- Royalty reports, including net sales deductions

#### **Payment Terms**

Design and creative fee due the first day of each month starting November 1, 2015 (see amounts above and in exhibit B). Additional royalty payments, due 5 days after the receipt of the Dillard's payment (Nation proposed net 30). All payments made to ISLA DESIGN STUDIO Inc..

#### **Marketing & PR**

See attached exhibit C. ISLA to contribute 20k in FY 2016 and Nation to contribute 20k in FY 2016. Both ISLA and Nation will fund a mutually approved budget in the first half of 2016 to support the launch of the brand and any necessary ongoing support to achieve sales goals. 2017 and all subsequent early budgets to be mutually reviewed and agreed upon by October 15th each respective year.

#### **Samples / Wardrobe**

Wardrobe: Nation will provide, at no charge, 1p each style each color in Sigrid's size, shipped via ground, to Sigrid's designated location within one week of the Dillard's Ship Complete Date. Need Sigrid's wardrobe order/size 90 Days before Dillard's Ship Complete Date.

#### **Travel Allowance**

- Fully covered NYC trips for Design and Merchandising meetings (direct flight – coach travel/2 nights accommodations in NYC/transport to-from airports/food). Note: Up to concept to be applied. Best efforts to book airfare and accommodations 30+ days in advance or when final meeting schedule is confirmed.

- When work coincides with HSN work, the allowance will be combined. Best efforts to keep costs down. Seasonality and holidays may call for additional allowance to be discussed and approved before booking.
- Includes all expenses with development of the line incurred in 2015.
- All buying and merchandising trips to St. Pete and Arkansas to be reimbursed. Includes gas mileage, food, boarding, rental car and flights (as applicable).
- Dillard's/Florida: mileage allowance to be expensed by SO. Hotel and food to be covered by Nation.
- Dillard's/Arkansas: flights, rental car and mileage allowance to be expensed by SO. Hotel and food to be covered by Nation.
- Reimbursement payable within 10 days following the submission and documentation of expense forms.

### **Inspiration Samples / Travel**

Samples – SO to be reimbursed up to \$6,000 for samples purchased (with receipts) and introduced into the Design and Product Development process (each fiscal year).

Trips – SO to be reimbursed up to \$4,000 for travel with the Nation designer/team each fiscal year. This trip allowance starts when sales reach \$5,000,000 threshold.

### **Excess Inventory**

Cancelled orders, overages etc. To be approved by Sigrid on a case by case basis. First choice on any liquidation is TJX at 1.5% royalty rate. Need separate reporting on all excess inventory scenarios. To be re-evaluated if we mutually agree to build an off price business.

### **Trademark**

Costs to register and ongoing costs – SO responsible for the initial and ongoing expenses.

### **EXHIBIT A**

### **EXHIBIT B**

Design and Creative Services Fee Schedule:

FY 2015 = 36k  
 FY 2016 = 150k  
 FY 2017 = 175k  
 FY 2018 = 200k  
 FY 2019 = 225k  
 FY 2020 = 250k

Paid on monthly basis for Sigrid Olsen's role as Creative Director and her work in the art, original design and direction creating the product line.

## **EXHIBIT C**

### **Marketing & PR EXHIBIT**

#### **MARKETING PLAN 2016 Partnership between SIGRID OLSEN and NATION**

##### **IN STORE SUPPORT- DILLARD'S (50% budget/\$20K)**

- Establish in-store protocol for select visits to Dillard's top doors (loose script for interacting with floor staff, department manager, store manager, assessing key customers, assessing competitive set market in area...)
- Create digital images and print hand-outs that are educational, engaging and brand specific to provide brand cohesion and product knowledge (see below).
- Offer in-store product knowledge for in-store personnel, communicating the SIGRID story, her artistry, product quality, brand differentiation. Integrate Dillard's history with SO from past 20+ years.
- Gather information, insights from sales people on the floor. Customer reaction to both general brand and specific products per delivery.
- Understand metrics, sell-through, price point, etc.
- Develop on-going dialog with department managers to offer support and hear feedback.
- Travel (timing TBD) to regions where Dillard's best doors are clustered. (i.e. Texas, Florida, Arizona, other?)
- Collect competitive retail information (by comparative shopping) in regions where Dillard's competes.

##### **ASSETS AND IMAGES (40% budget/\$15K)**

- Create content for social media (SO website, Face Book, Instagram, email blasts)
- Video clips of Sigrid, "how to" wardrobing, lifestyle, art studio, introducing new products.
- Still images of new product every season... shoot on Sigrid, with real people, as product lay-downs (off model).
- Create "Style File" tool to share in-store and online (e-blast, FB, Instagram, Website).
- Will need some free-lance resource support for social media content management, website maintenance, video editing.

##### **PUBLICITY/OUTREACH (10% budget/\$5K)**

- Pitch product and story ideas to various blogs each season.
- Pitch product and story ideas to short term media.
- Local trunk shows.

**\*NOTE** *In-store events will be the responsibility of Dillard's. Will have to get a sense of when they will launch the first SIGRID OLSEN fashion event.*

*This term sheet serves as a letter of intent and both parties will use best efforts to expedite a detailed agreement as set forth by the terms outlined above. Each party agrees that no public disclosure will be made with respect to this LOI and/or the proposed design/business arrangement without the other party's prior written approval. The parties agree that any announcement to the public or trade of the termination or expiration of this Agreement will be made only at a time, and by a joint statement mutually agreed upon by the parties. It is understood that this LOI now require long form agreement with additional sections and legal language added (attached Exhibits to come following LOI signatures).*

By: Lynne R  
Name: Lynne Ramm  
Title: CEO  
Date: 1/4/16

By: Signd C  
Name: Signd Olsen  
Title: CEO  
Date: 1/4/16